

0950 State Treasurer

The State Treasurer, a constitutionally established office, provides banking services for state government with goals to minimize interest and service costs and to maximize yield on investments. The Treasurer is responsible for the custody of all monies and securities belonging to or held in trust by the state; investment of temporarily idle state monies; administration of the sale of state bonds, their redemption and interest payments; and payment of warrants drawn by the State Controller and other state agencies.

3-YR EXPENDITURES AND PERSONNEL YEARS (Summary of Program Requirements)

	Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
10 Investment Services	17.1	17.1	17.1	\$2,824	\$2,992	\$3,091
20 Cash Management	43.9	49.6	48.6	7,284	8,131	8,312
30 Public Finance	49.8	53.2	53.2	7,005	7,336	7,641
35 Securities Management	24.2	27.2	27.2	4,512	4,825	4,977
50.01 Administration and Information Services	87.5	85.5	85.5	11,037	11,547	11,865
50.02 Distributed Administration	-	-	-	-8,480	-8,774	-9,090
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	222.5	232.6	231.6	\$24,182	\$26,057	\$26,796
FUNDING				2008-09*	2009-10*	2010-11*
0001 General Fund				\$936	\$4,750	\$4,334
0995 Reimbursements				21,185	19,621	20,235
9740 Central Service Cost Recovery Fund				2,061	1,686	2,227
TOTALS, EXPENDITURES, ALL FUNDS				\$24,182	\$26,057	\$26,796

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

California Constitution Article XVI, Sections 1.5 and 7; and Government Code Sections 12300-12333, 16300-16600, 53661.

DETAILED BUDGET ADJUSTMENTS

	2009-10*			2010-11*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Critical Staffing for Electronic Transfer Processes	\$-	\$-	-	\$-	\$103	0.9
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$-	\$103	0.9
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	-\$145	-\$706	-	-\$1	-\$2	-
• Retirement Rate Adjustment	8	35	-	8	35	-
• Limited Term Positions / Expiring Programs	-	-	-4.7	-78	-128	-6.6
• One Time Cost Reductions	-	-	-	-	-5	-
• Central Services Cost Recovery Fund Adjustment	-	-	-	-482	482	-
• Miscellaneous Adjustments	-77	-	-	-77	-	-
Totals, Other Workload Budget Adjustments	-\$214	-\$671	-4.7	-\$630	\$382	-6.6
Totals, Workload Budget Adjustments	-\$214	-\$671	-4.7	-\$630	\$485	-5.7
Totals, Budget Adjustments	-\$214	-\$671	-4.7	-\$630	\$485	-5.7

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - INVESTMENT SERVICES

The Investment Division is responsible for investment of state monies from the date of receipt through the date of redemption. During the 2008-09 fiscal year, this Division handled 8,552 security investment transactions totaling \$312.2 billion. The Pooled Money Investment Board program accounted for 5,185 of these transactions totaling \$254.2 billion; time

* Dollars in thousands, except in Salary Range.

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deposits accounted for 2,161 transactions totaling \$52.6 billion. The remaining \$5.4 billion is invested on behalf of the state's special funds, such as those associated with the California Housing Finance Agency, the Department of Fish and Game, the state's retirement system, etc. The Division also administers the Local Agency Investment Fund (LAIF), a voluntary investment program created to offer California local agencies greater access to the financial markets through the Pooled Money Investment Board program. In the 2008-09 fiscal year, 2,746 local agencies participated in LAIF, with deposits averaging \$23.7 billion for the fiscal year.

20 - CASH MANAGEMENT

The Cash Management Division is responsible for managing the state's cash resources as mandated by the Pooled Money Investment Board and Government Code Sections 16500 through 16510. The Division is also responsible for administering the Centralized Treasury System (CTS), which encompasses the Treasurer's demand bank accounts. The State Treasurer maintains demand bank accounts with seven statewide banks for the purpose of providing the necessary depository coverage for the remittance of funds collected by various state agencies.

The goal of the CTS is to have all idle State money invested each day. This goal is accomplished by: (1) completing daily, weekly and monthly forecasts of agency revenue collections and disbursements and analyzing their impact on the Treasurer's Pooled Money Investment Portfolio, (2) maintaining balances with each demand account bank to compensate the banks for banking services and to meet warrant redemption requirements, and (3) using compensating balances to allow for the variances in cash flow that are a natural consequence when forecasting the movement of cash.

The Division is also responsible for processing, redeeming, and reconciling state warrants and agency checks presented by the banks for payment, processing stop payment and forgery items, and reconciling all of the state's deposits within the Treasury System. The Division also administers the Electronic Fund Transfer (EFT) and Pre-Sort Deposit Contracts, both of which involve the collection of over \$140 billion in state revenue.

30 - PUBLIC FINANCE

The Public Finance Division is responsible for selling all State of California general obligation bonds, revenue anticipation notes, commercial paper notes, revenue bonds, and any other indebtedness including securitization of assets. The Division also provides trust services for most state bonds and is responsible for disseminating information to bondholders through the Investor Relations Program.

The Division also assures compliance with federal tax laws applicable to state debt by investing and reinvesting bond sale proceeds as needed to meet federal yield restriction requirements, tracking expenditures, and computing and rebating arbitrage profit or other payments to the federal government.

35 - SECURITIES MANAGEMENT

The Securities Management Division consists of the Securities Clearance Section and the Debt and Collateral Management Section.

The Division is responsible for the clearance, settlement, income collection, and accountability of all securities: (1) purchased or sold for investment by the State Treasurer, (2) pledged to the State Treasurer to secure the performance of an act or duty, and (3) held as collateral for the Treasurer's Time and Demand Deposit Programs. Securities are held in outside depositories as well as the State Vault.

The Division manages the State's fiscal agent accounts, including debt service payments on Book-Entry bonds to the Trust Depository and certificated bonds to the fiscal agent bank, payments for Revenue Anticipation Notes (RANs) and Warrants (RAWs), and performs the accountability and reconciliation on Debt Service Reporting, Un-presented Accountability and Cash Accountability.

The Division is also responsible for: (1) safekeeping personal property and other items in the State Vault at the request of State Agencies, (2) providing custody and protection of securities inside the Vault, and (3) providing Vault tours for students, dignitaries and legislators.

50 - ADMINISTRATION AND INFORMATION SERVICES

The Administration Division, Executive Office, and the Information Services Division provide executive direction and support services to programs in the State Treasurer's Office. Services include budgeting, personnel, accounting, information systems, business services, technical support, and production operations.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		2008-09*	2009-10*	2010-11*
PROGRAM REQUIREMENTS				
10	INVESTMENT SERVICES			
	State Operations:			
0001	General Fund	\$353	\$482	\$445
0995	Reimbursements	2,256	2,330	2,408
9740	Central Service Cost Recovery Fund	215	180	238

* Dollars in thousands, except in Salary Range.

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		2008-09*	2009-10*	2010-11*
Totals, State Operations		\$2,824	\$2,992	\$3,091
PROGRAM REQUIREMENTS				
20	CASH MANAGEMENT			
State Operations:				
0001	General Fund	-\$1,602	\$1,512	\$1,319
0995	Reimbursements	8,213	6,054	6,249
9740	Central Service Cost Recovery Fund	673	565	744
Totals, State Operations		\$7,284	\$8,131	\$8,312
PROGRAM REQUIREMENTS				
30	PUBLIC FINANCE			
State Operations:				
0001	General Fund	\$1,055	\$1,168	\$1,083
0995	Reimbursements	5,336	5,707	5,945
9740	Central Service Cost Recovery Fund	614	461	613
Totals, State Operations		\$7,005	\$7,336	\$7,641
PROGRAM REQUIREMENTS				
35	SECURITIES MANAGEMENT			
State Operations:				
0001	General Fund	\$1,130	\$1,331	\$1,232
0995	Reimbursements	2,823	3,014	3,113
9740	Central Service Cost Recovery Fund	559	480	632
Totals, State Operations		\$4,512	\$4,825	\$4,977
PROGRAM REQUIREMENTS				
50	ADMINISTRATION AND INFORMATION SERVICES			
State Operations:				
0001	General Fund	\$-	\$256	\$255
0995	Reimbursements	2,557	2,517	2,520
Totals, State Operations		\$2,557	\$2,773	\$2,775
ELEMENT REQUIREMENTS				
50.01	Administration and Information Services	11,037	11,547	11,865
50.02	Distributed Administration	-8,480	-8,774	-9,090
TOTALS, EXPENDITURES				
State Operations		24,182	26,057	26,796
Totals, Expenditures		\$24,182	\$26,057	\$26,796

EXPENDITURES BY CATEGORY (Summary By Object)

	1 State Operations			Expenditures			
	Positions/Personnel Years	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
PERSONAL SERVICES							
Authorized Positions (Equals Sch. 7A)	222.5	249.8	247.8	\$13,797	\$15,886	\$16,131	
Total Adjustments	-	-5.0	-4.0	-	-332	-341	
Estimated Salary Savings	-	-12.2	-12.2	-	-778	-790	
Net Totals, Salaries and Wages	222.5	232.6	231.6	\$13,797	\$14,776	\$15,000	
Staff Benefits	-	-	-	4,890	4,799	5,335	
Totals, Personal Services	222.5	232.6	231.6	\$18,687	\$19,575	\$20,335	
OPERATING EXPENSES AND EQUIPMENT				\$5,495	\$6,482	\$6,461	
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$24,182	\$26,057	\$26,796	

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DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2008-09*	2009-10*	2010-11*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation as amended by Chapter 269, Statutes of 2008	\$4,667	-	-
Allocation for employee compensation	17	-	-
Adjustment per Section 3.60	-2	-	-
Reduction per Section 3.90	-57	-	-
001 Budget Act appropriation as amended by Chapter 1, Statutes of 2009, Fourth Extraordinary Session	-	\$4,964	-
Adjustment per Section 3.60	-	8	-
Reduction per Section 3.90	-	-142	-
Adjustment per Section 4.04	-	-77	-
Adjustment per Section 3.55	-	-3	-
001 Budget Act appropriation	-	-	\$4,334
Totals Available	\$4,625	\$4,750	\$4,334
Unexpended balance, estimated savings	-3,689	-	-
TOTALS, EXPENDITURES	\$936	\$4,750	\$4,334
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$21,185	\$19,621	\$20,235
9740 Central Service Cost Recovery Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,089	-	-
Adjustment per Section 3.60	-1	-	-
Reduction per Section 3.90	-27	-	-
001 Budget Act appropriation as amended by Chapter 1, Statutes of 2009, Fourth Extraordinary Session	-	\$1,742	-
Adjustment per Section 3.60	-	3	-
Reduction per Section 3.90	-	-58	-
Adjustment per Section 3.55	-	-1	-
001 Budget Act appropriation	-	-	\$2,227
TOTALS, EXPENDITURES	\$2,061	\$1,686	\$2,227
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$24,182	\$26,057	\$26,796

FUND CONDITION STATEMENTS

	2008-09*	2009-10*	2010-11*
3059 Fiscal Recovery Fund ^s			
BEGINNING BALANCE	\$991,078	\$339,809	\$338,367
Prior year adjustments	-618,541	-	-
Adjusted Beginning Balance	\$372,537	\$339,809	\$338,367
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
115100 Retail Sales and Use Tax-Fiscal Recovery	1,254,316	1,123,000	1,191,000
150300 Income From Surplus Money Investments	13,800	12,000	6,000
Transfers and Other Adjustments:			
FO6045 From Economic Recovery Fund per Government Code Section 99060(c)	70	-	-
Total Revenues, Transfers, and Other Adjustments	\$1,268,186	\$1,135,000	\$1,197,000

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	<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
Total Resources	\$1,640,723	\$1,474,809	\$1,535,367
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
9618 Economic Recovery Financing Committee			
State Operations	11,508	11,800	11,913
Unclassified	<u>1,289,406</u>	<u>1,124,642</u>	<u>1,271,144</u>
Total Expenditures and Expenditure Adjustments	<u>\$1,300,914</u>	<u>\$1,136,442</u>	<u>\$1,283,057</u>
FUND BALANCE	\$339,809	\$338,367	\$252,310
Reserve for economic uncertainties	339,809	338,367	252,310

3090 Deficit Recovery Bond Retirement Sinking Fund Subaccount, Budget

Stabilization Account ^s

BEGINNING BALANCE	\$1,507	\$4	\$6
Prior year adjustments	<u>-1,507</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	-	\$4	\$6
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
150300 Income From Surplus Money Investments	4	2	1
160400 Sale of Fixed Assets	<u>313</u>	<u>10,918</u>	<u>52,284</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$317</u>	<u>\$10,920</u>	<u>\$52,285</u>
Total Resources	\$317	\$10,924	\$52,291
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
9618 Economic Recovery Financing Committee (Unclassified)	<u>313</u>	<u>10,918</u>	<u>52,284</u>
Total Expenditures and Expenditure Adjustments	<u>\$313</u>	<u>\$10,918</u>	<u>\$52,284</u>
FUND BALANCE	\$4	\$6	\$7
Reserve for economic uncertainties	4	6	7

CHANGES IN AUTHORIZED POSITIONS

	<u>Positions/Personnel Years</u>			<u>Expenditures</u>		
	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
Totals, Authorized Positions	222.5	249.8	247.8	\$13,797	\$15,886	\$16,131
Workload and Administrative Adjustments:				Salary Range		
Reductions in Authorized Positions:						
FISCAL:						
CEA III	-	-1.0	-1.0	8,594-9,476	-68	-108
Treasury Program Manager III	-	-1.0	-1.0	7,118-7,848	-60	-90
Treasury Program Manager II	-	-1.0	-1.0	5,857-7,064	-52	-78
Sr. Programmer Analyst-Spec	<u>-</u>	<u>-2.0</u>	<u>-2.0</u>	<u>5,571-7,109</u>	<u>-152</u>	<u>-152</u>
Totals, Workload & Admin Adjustments	-	-5.0	-5.0	\$-	-\$332	-\$428
Proposed New Positions:						
Cash Management Division:						
Treasury Program Manager I	<u>-</u>	<u>-</u>	<u>1.0</u>	<u>5,079-6,127</u>	<u>-</u>	<u>87</u>
Totals Proposed New Positions	-	-	1.0	\$-	\$-	\$87
Total Adjustments	-	-5.0	-4.0	\$-	-\$332	-\$341
TOTALS, SALARIES AND WAGES	222.5	244.8	243.8	\$13,797	\$15,554	\$15,790

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